

First Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

Attachment A

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1.11.13

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LLS NO. 13-0141.01 Jennifer Berman x3286

SUNSET BILL

Sunset Process - Senate Finance Committee

SHORT TITLE: "Sunset Review Division Of Gaming"

DEADLINES: Finalize by: 23 JAN 2013 File by: 25 JAN 2013

A BILL FOR AN ACT

101 CONCERNING THE CONTINUATION OF THE DIVISION OF GAMING, AND,
102 IN CONNECTION THEREWITH, IMPLEMENTING THE
103 RECOMMENDATIONS IN THE 2012 SUNSET REPORT BY THE
104 DEPARTMENT OF REGULATORY AGENCIES.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Sunset Process - Senate Finance Committee. The bill implements the recommendations of the department of regulatory

agencies' review of the division of gaming within the department of revenue by:

- Continuing the division for 9 years, until 2022;
- Amending certain definitions to make it clear that electronic versions of games and gaming equipment are permitted;
- Creating a new type of license to be issued to suppliers of equipment used remotely or directly in connection with gaming, including equipment used to monitor, collect, or report gaming transactions data or to calculate adjusted gross proceeds and gaming taxes, and defining terms related to the new type of license;
- Redefining "vintage slot machine" to exclude slot machines introduced on the market before 1984 but fitted with component parts manufactured in 1984 or thereafter;
- Requiring the commission to promulgate rules concerning the conditions under which the division may authorize a retail gaming license applicant to own or possess slot machines;
- Permitting the commission to promulgate rules regarding procedures for depositing and accounting for tips or gratuities;
- Clarifying that the statute concerning possession of slot machines includes retailers among the persons who may legally possess slot machines; and
- Making conforming amendments.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 12-47.1-206
3 as follows:

4 **12-47.1-206. Repeal of division - review of functions.** Unless
5 continued by the general assembly, this part 2 is repealed, effective July
6 ~~1, 2013~~ SEPTEMBER 1, 2022, and those powers, duties, and functions of
7 the director specified in this part 2 are abolished. The provisions of
8 section 24-34-104 (5) to (12), C.R.S., concerning a wind-up period, an
9 analysis and evaluation, public hearings, and claims by or against an
10 agency ~~shall~~ apply to the powers, duties, and functions of the director of

1 said THE division.

2 **SECTION 2.** In Colorado Revised Statutes, 12-47.1-103, **amend**
3 (10), (19), and (26) (b) (I); and **add** (2.3) and (2.5) as follows:

4 **12-47.1-103. Definitions.** As used in this article, unless the
5 context otherwise requires:

6 (2.3) (a) "ASSOCIATED EQUIPMENT" MEANS A DEVICE, PIECE OF
7 EQUIPMENT, OR SYSTEM USED REMOTELY OR DIRECTLY IN CONNECTION
8 WITH GAMING OR ANY GAME. THE TERM INCLUDES A DEVICE, PIECE OF
9 EQUIPMENT, OR SYSTEM USED TO MONITOR, COLLECT, OR REPORT GAMING
10 TRANSACTIONS DATA OR TO CALCULATE ADJUSTED GROSS PROCEEDS AND
11 GAMING TAXES.

12 (b) "ASSOCIATED EQUIPMENT" DOES NOT INCLUDE EQUIPMENT
13 THAT MEETS THE DEFINITION OF A "GAMING DEVICE" OR "GAMING
14 EQUIPMENT" IN SUBSECTION (10) OF THIS SECTION.

15 (2.5) "ASSOCIATED EQUIPMENT SUPPLIER" MEANS A PERSON WHO
16 IMPORTS, MANUFACTURES, DISTRIBUTES, OR OTHERWISE PROVIDES
17 ASSOCIATED EQUIPMENT FOR USE IN COLORADO. THE TERM DOES NOT
18 INCLUDE A PERSON LICENSED AS A SLOT MACHINE MANUFACTURER OR
19 DISTRIBUTOR UNDER PART 5 OF THIS ARTICLE.

20 (10) "Gaming device" or "gaming equipment" means any
21 equipment or mechanical, electromechanical, or electronic contrivance,
22 component, or machine used remotely or directly in connection with
23 gaming or any game. The term includes a system for processing
24 information ~~which~~ THAT can alter the normal criteria of random selection
25 ~~which affects~~ AFFECTING the operation, of any game or ~~which determines~~
26 DETERMINING the outcome, of a game. The term includes A PHYSICAL OR
27 ELECTRONIC VERSION OF a slot machine, poker table, blackjack table,

1 craps table, roulette table, dice, and the cards used to play poker and
2 blackjack.

3 (19) "Limited card games and slot machines", "limited gaming",
4 or "gaming" means PHYSICAL AND ELECTRONIC VERSIONS OF slot
5 machines, craps, roulette, and the card games of poker and blackjack
6 ~~which are~~ authorized by this article and defined and regulated by the
7 commission, each game having a maximum single bet of one hundred
8 dollars.

9 (26) (b) "Slot machine" does not include:

10 (I) A vintage slot machine ~~models which were~~ MODEL THAT:

11 (A) WAS introduced on the market ~~prior to~~ BEFORE 1984;

12 (B) DOES NOT CONTAIN COMPONENT PARTS MANUFACTURED IN
13 1984 OR THEREAFTER; and are

14 (C) Is not used for gambling purposes or in connection with
15 limited gaming; or

16 **SECTION 3.** In Colorado Revised Statutes, 12-47.1-501, **amend**
17 (1) introductory portion; and **add** (1) (f) as follows:

18 **12-47.1-501. Licenses - types - rules.** (1) The commission may
19 issue ~~five~~ SIX types of licenses as follows:

20 (f) **Associated equipment supplier license.** AN ASSOCIATED
21 EQUIPMENT SUPPLIER LICENSE IS REQUIRED FOR A PERSON WHO IMPORTS,
22 MANUFACTURES, OR DISTRIBUTES ASSOCIATED EQUIPMENT IN THIS STATE,
23 OR WHO OTHERWISE ACTS AS AN ASSOCIATED EQUIPMENT SUPPLIER. SLOT
24 MACHINE MANUFACTURERS OR DISTRIBUTORS WHO ARE LICENSED IN THIS
25 STATE AND WHO IMPORT, MANUFACTURE, OR DISTRIBUTE ASSOCIATED
26 EQUIPMENT NEED NOT OBTAIN A SEPARATE ASSOCIATED EQUIPMENT
27 SUPPLIER LICENSE. EACH LICENSE ISSUED UNDER THIS PARAGRAPH (f)

1 EXPIRES TWO YEARS AFTER THE DATE OF ITS ISSUANCE BUT MAY BE
2 RENEWED UPON THE FILING AND APPROVAL OF AN APPLICATION FOR
3 RENEWAL. THE COMMISSION SHALL PROMULGATE RULES TO ESTABLISH
4 THE FEES FOR AN INITIAL LICENSE AND RENEWAL LICENSES.

5 **SECTION 4.** In Colorado Revised Statutes, **amend** 12-47.1-505
6 as follows:

7 **12-47.1-505. Operator, slot machine manufacturer or**
8 **distributor, associated equipment supplier, key employee, support**
9 **licensee, or retailer - qualifications for licensure.** Prior to a person's
10 ~~licensure~~ BEFORE OBTAINING A LICENSE as an operator, slot machine
11 manufacturer or distributor, ASSOCIATED EQUIPMENT SUPPLIER, key
12 employee, support licensee, or retailer, ~~such person shall~~; in addition to
13 meeting ~~any other requirements imposed by~~ OF this article OR RULES OF
14 the commission, ~~or any rule or regulation promulgated pursuant to this~~
15 ~~article~~; AN APPLICANT MUST show that he OR SHE is of good moral
16 character. ~~Such person~~ AN APPLICANT has the burden of proving his OR
17 HER qualifications to the satisfaction of the commission. ~~Such person~~
18 ~~shall~~ THE APPLICANT MUST submit to and pay for ~~any~~ background
19 investigations ~~as may be ordered by~~ the commission MAY ORDER. All
20 such payments shall be deposited into the limited gaming fund CREATED
21 IN SECTION 12-47.1-701.

22 **SECTION 5.** In Colorado Revised Statutes, 12-47.1-525, **amend**
23 (1) (a) and (1) (b) introductory portion; and **add** (1) (b) (I.5) as follows:

24 **12-47.1-525. Suspension or revocation of license - grounds -**
25 **penalties.** (1) (a) ~~Any~~ THE COMMISSION MAY REVOKE A license granted
26 pursuant to this article ~~may be revoked~~ for any cause that would have
27 prevented its issuance OF THE LICENSE, including ~~those~~ THE causes set

forth in sections 12-47.1-510 and 12-47.1-801.

(b) ~~Any~~ THE COMMISSION MAY SUSPEND OR REVOKE A license granted pursuant to this article ~~may be suspended or revoked~~ for ~~any~~ A violation by the licensee or ~~any~~ AN officer, director, agent, member, or employee of a THE licensee, AFTER NOTICE TO THE LICENSEE, THE OPPORTUNITY FOR A HEARING, AND UPON PROOF BY A PREPONDERANCE OF THE EVIDENCE AS DETERMINED BY THE COMMISSION. VIOLATIONS THAT MAY WARRANT LICENSE SUSPENSION OR REVOCATION INCLUDE VIOLATIONS of this article, any rule promulgated by the commission, any provision of part 6 of article 35 of title 24, C.R.S., or any rule promulgated by the executive director ~~of the department of revenue~~ pursuant to section 24-35-607 (3), C.R.S., or for conviction of a crime. ~~after notice to the licensee and a hearing upon proof by a preponderance of the evidence as determined by the commission.~~ In addition to revocation or suspension, or in lieu of revocation or suspension, the commission may impose a reprimand or a monetary penalty not to exceed the following amounts:

(1.5) IF THE LICENSEE IS AN ASSOCIATED EQUIPMENT SUPPLIER, THE AMOUNT OF TWENTY-FIVE THOUSAND DOLLARS;

SECTION 6. In Colorado Revised Statutes, **amend** 12-47.1-820 as follows:

12-47.1-820. Persons in supervisory positions - unlawful acts - rules. It is unlawful for ~~any~~ A dealer, ~~floorman~~ FLOORPERSON, or ~~any other~~ OTHER employee who serves in a supervisory position to solicit or accept ~~any~~ A tip or gratuity from ~~any~~ A player or patron at the premises LICENSED GAMING ESTABLISHMENT where he OR SHE is employed; EXCEPT THAT A dealer may ~~however~~, accept tips or gratuities from a patron at the

table at which ~~such~~ THE dealer is conducting play, subject to the provisions of this section. ~~All such~~ EXCEPT AS THE COMMISSION MAY AUTHORIZE BY RULE, A DEALER SHALL IMMEDIATELY DEPOSIT tips or gratuities ~~shall be immediately deposited~~ in a lockbox reserved for that purpose, accounted for and placed in a pool for distribution based upon criteria established in advance by the licensed retailer.

SECTION 7. In Colorado Revised Statutes, 12-47.1-826, **amend** (1) introductory portion and (1) (b) as follows:

12-47.1-826. Cheating game and devices. (1) It is unlawful for any A person playing any A licensed game in licensed gaming premises to:

(b) Knowingly deal, conduct, carry on, operate, or expose for play any A PHYSICAL OR ELECTRONIC VERSION OF A game ~~or games~~ played with cards or any A mechanical device, or any combination of games or devices, ~~which~~ THAT have ~~in any manner~~ been marked or tampered with or placed in a condition or operated in a manner ~~the result of which~~ THAT tends to deceive the public or ~~tends to~~ alter the normal random selection of characteristics or the normal chance of the game, ~~which~~ OR THAT could determine or alter the result of the game.

SECTION 8. In Colorado Revised Statutes, **amend** 12-47.1-1103 as follows:

12-47.1-1103. Ownership or possession of slot machines - rules. Notwithstanding any other laws of this state to the contrary, ~~the possession of~~ IF A LICENSED SLOT MACHINE MANUFACTURER, SLOT MACHINE DISTRIBUTOR, OPERATOR, RETAILER, OR A RETAIL GAMING LICENSE APPLICANT COMPLIES WITH ALL OF THE PROVISIONS OF THIS ARTICLE AND THE RULES PROMULGATED UNDER THIS ARTICLE, HE OR SHE

MAY LEGALLY OWN, POSSESS, OR OWN AND POSSESS slot machines in this state; ~~by licensed manufacturers, distributors, and operators is legal if all the requirements, conditions, and provisions of this article and the rules and regulations promulgated pursuant to this article are met and complied with.~~ However, EXCEPT THAT nothing in this section shall be deemed to authorize or permit any AUTHORIZES THE use of slot machines for any purpose ~~except as~~ OTHER THAN THE PURPOSES specifically authorized and provided for in this article and the rules and regulations promulgated pursuant to UNDER this article. THE COMMISSION SHALL PROMULGATE RULES CONCERNING THE CONDITIONS UNDER WHICH THE DIVISION MAY AUTHORIZE A RETAIL GAMING LICENSE APPLICANT TO OWN, POSSESS, OR OWN AND POSSESS SLOT MACHINES IN THIS STATE BEFORE OBTAINING A RETAIL GAMING LICENSE.

SECTION 9. In Colorado Revised Statutes, 24-34-104, **amend** (44) introductory portion and (53.5) introductory portion; **repeal** (44) (f); and **add** (53.5) (c) as follows:

24-34-104. General assembly review of regulatory agencies and functions for termination, continuation, or reestablishment.

(44) The following agencies, functions, or both, shall terminate on July 1, 2013:

(f) ~~The division of gaming, created by part 2 of article 47.1 of title 12, C.R.S.;~~

(53.5) The following agencies, functions, or both, shall terminate on September 1, 2022:

(c) THE DIVISION OF GAMING, CREATED BY PART 2 OF ARTICLE 47.1 OF TITLE 12, C.R.S.;

SECTION 10. In Colorado Revised Statutes, 12-47.1-827,

1 **amend** (2) introductory portion as follows:

2 **12-47.1-827. Unlawful manufacture, sale, distribution,**
3 **marking, altering, or modification of equipment and devices**
4 **associated with limited gaming - unlawful instruction.** (2) It is
5 unlawful to mark, alter, or otherwise modify ~~any associated~~ RELATED
6 equipment or A limited gaming device in a manner that:

7 **SECTION 11.** In Colorado Revised Statutes, 12-47.1-835,
8 **amend** (1) introductory portion as follows:

9 **12-47.1-835. Financial interest restrictions.** (1) ~~No~~ A
10 manufacturer or distributor of slot machines, ~~or~~ associated EQUIPMENT,
11 OR RELATED equipment shall NOT knowingly, without ~~notification being~~
12 ~~provided to~~ NOTIFYING the division within ten days:

13 **SECTION 12.** In Colorado Revised Statutes, 18-20-111, **amend**
14 (2) introductory portion as follows:

15 **18-20-111. Unlawful manufacture, sale, distribution, marking,**
16 **altering, or modification of equipment and devices related to limited**
17 **gaming - unlawful instruction.** (2) It is unlawful to mark, alter, or
18 otherwise modify ~~any associated~~ RELATED equipment or A limited gaming
19 device in a manner that:

20 **SECTION 13. Effective date.** This act takes effect July 1, 2013.

21 **SECTION 14. Safety clause.** The general assembly hereby finds,
22 determines, and declares that this act is necessary for the immediate
23 preservation of the public peace, health, and safety.

